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INSTRUCTIONS PERTAINING TO COTTON MARKETING QUOTAS FOR ★ 1941 31 1941 ★

PART IV. COUNTY OFFICE RECORDS PERTAINING TO THE
DETERMINATION OF MARKETING QUOTAS, PENALTIES,
AND REFUNDS

U.S. Department of Agriculture

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Section 401 Applicability of instructions. Part IV of these instructions relates to the procedure for determining farm marketing quotas and producer marketing quotas and for determining the amounts of penalties incurred, and the amounts of refunds of money received in excess of the penalties incurred and outlines the nature of certain forms, records, accounts, reports, and files of the county committee in connection therewith. Unless otherwise indicated, each form referred to herein is a "Cotton" form and each reference to a section is to a section of these instructions.

Sec. 402 Conditions under which farm accounts on Forms 450 and 450-A will be prepared. It shall be necessary to prepare either Form 450 or Form 450-A for each farm with respect to which red marketing cards or white marketing cards marked "Penalty Secured" or "One Thousand Pounds" are issued. The account on Form 450-A shall be used only for farms on which there is a one-producer unit. One-producer unit, for this purpose, may be defined as a farm on which one producer plants, cultivates, and harvests the entire acreage devoted to cotton on the farm. The fact that another person, such as a landlord, or operator, shares in the cotton and farm marketing quota does not alter the designation of the farm as a one-producer unit.

Sec. 403 Preparation and execution of Form 450. (a) Initial preparation of Form 450. Form 450 shall be prepared in the original only and placed in a binder in the numerical order of the farm serial numbers for which it is prepared. Form 450 shall be executed as follows:

1. In the spaces indicated enter the farm serial number, preceded by the State and county code numbers, the sheet number and total number of sheets, and the marketing year. If any producer has an interest in other farms, enter the word "Multiple" above the title of Form 450 and list in the spaces provided at the bottom of the form the name of each multiple farm producer and the serial numbers of the other farms in which he is interested. In case a bond of indemnity or funds to be held in escrow to secure payment of the penalty are accepted for the farm or white marketing cards are issued pursuant to the one thousand pound exemption provision, enter to the right of the title of the form the legend "Bond" or "Escrow" or "1,000 pounds", respectively, as the case may be.

2. In column 1 enter the names of all cotton producers on the farm. The names of the operator and landlord, respectively, shall be entered below the names of the other producers. In column 35 enter the names of all cotton producers on the farm, including the names of the operator and landlord, in the order in which they have been listed in column 1. If there are persons on the farm who have cotton on hand from a previous crop, but who are not interested in the current cotton crop or in the proceeds thereof, enter the names of such persons in columns 1 and 35 below the names of all producers, including the operator and landlord.

3. In the heading of column 2 following the words "Acreage Allotment" enter the cotton acreage allotment established for the farm for the marketing year. If a farm acreage allotment for a new farm was not established, enter the word "None".

4. In column 2 opposite each producer's name enter his share in the acreage (expressed to the nearest tenth of an acre) planted to cotton on the farm, as shown on the report of measurements, and, on the total line of column 2, enter the total acreage planted to cotton on the farm.

5. In the heading of column 3 following the words "Normal Yield" enter the normal yield per acre of lint cotton established for the farm for the marketing year.

(b) Initial apportionment of producer marketing quotas. Producer marketing quotas shall first be determined by executing Form 450 as follows:

1. On the total line of column 3, enter the normal production of the farm acreage allotment determined by multiplying the farm acreage allotment by the normal yield per acre of lint cotton.

2. Divide the entry on the total line of column 3 by the entry on the total line of column 2 and enter the quotient, carried to four decimal places, in the heading of column 3 following the words "Initial marketing quota". Multiply this quotient by the entries in column 2 opposite each producer's name and enter the result, to the nearest whole pound, for each producer in column 3. The sum of the entries in column 3 must equal the amount entered on the total line thereof.

3. If the county committee determines that the figures in column 3 are not a fair and reasonable basis for establishing initial producer marketing quotas because of variations in productivity, the acreage planted to cotton by each producer, crop failure, or any other cause, and redetermines the amount of the producer marketing quotas as originally shown in column 3, the entries in column 3 shall be circled and the corrected producer marketing quotas entered above the circled figures. A memorandum showing the reason for the change and the factors considered in making the change must be filed in the farm folder.

(c) Record of cotton on hand from a previous crop. The amount of carry-over cotton for the farm shall be recorded on Form 450 as follows.

1. In column 4 opposite each producer's name enter the amount of his carry-over penalty free cotton which is not pledged as security for a Commodity Credit Corporation loan, and, on the total line of column 4, enter the total amount thereof for all producers on the farm. If the producer was on a farm for which a farm account for the preceding marketing year was established on Form 450 or 450-A, the amount of such cotton may be taken from column 29 of Form 450 or column 35 of Form 450-A.

2. In column 5 opposite each producer's name enter the amount of his two-cent carry-over penalty cotton which is not pledged as security for a Commodity Credit Corporation loan, and, on the total line of column 5, enter the total amount thereof for all producers. The amount of such cotton may be taken from column 30 of Form 450 or column 36 of Form 450-A for the producer for the preceding marketing year.

3. In column 6 opposite each producer's name enter the amount of his three-cent carry-over penalty cotton which is not pledged as security for a Commodity Credit Corporation loan, and, on the total line of column 6, enter the total amount thereof for all producers. The amount of such cotton may be taken from column 31 of Form 450 or column 37 of Form 450-A for the producer for the preceding marketing year.

4. In column 7 opposite each producer's name enter the amount of his carry-over penalty free cotton which is pledged as security for a Commodity Credit Corporation loan and, on the total line of column 7, enter the total amount thereof for all producers on the farm. If the producer was on a farm for which a farm account for the preceding marketing year was established on Form 450 or 450-A, the amount of such cotton may be taken from column 32 of Form 450 or column 38 of Form 450-A.

5. In column 8 opposite each producer's name enter the amount of his two-cent carry-over penalty cotton which is pledged as security for a Commodity Credit Corporation loan, and, on the total line of column 8 enter the total amount thereof for all producers. The amount of such cotton may be taken from column 33 of Form 450 or column 39 of Form 450-A for the producer for the preceding marketing year.

6. In column 9 opposite each producer's name enter the amount of his three-cent carry-over penalty cotton which is pledged as security for a Commodity Credit Corporation loan, and, on the total line of column 9 enter the total amount thereof for all producers. The amount of such cotton may be taken from column 34 of Form 450 or column 40 of Form 450-A for the producer for the preceding marketing year.

7. The amount of penalty cotton in each of columns 5, 6, 8, and 9 for each producer which, if marketed during the preceding marketing year, would have been subject to penalty at a rate per pound lower than the penalty applicable to cotton of the current crop, shall be converted into an amount of penalty free and an amount of penalty cotton at the penalty rate applicable to cotton of the current crop. The conversion shall be made by multiplying the amount of carry-over penalty cotton at the lower rate by a factor (carried to five places beyond the decimal point) determined by dividing the lower rate by the penalty rate for cotton of the current crop. The result so obtained shall be the amount of the carry-over penalty cotton of the lower rate which is converted into carry-over penalty cotton at the rate of penalty applicable to cotton of the current crop. The remainder of the amount of carry-over penalty cotton at the lower rate will be carry-over penalty free cotton as a result of the conversion and the amount thereof for each producer for cotton not under the

loan shall be added to the amount shown for him in column 4 and the sum entered therein after the amount originally entered for him in column 4 has been lined out but not obliterated. The total of all carry-over penalty cotton at the rate of penalty applicable to the current crop, including that converted and that not converted, which is not under the loan for each producer shall be entered in column 6 after the amounts originally entered for him in columns 5 and 6 have been lined out but not obliterated. The total of columns 4, 5, and 6 shall be corrected accordingly by entering on the total line the sum of the amounts therein after the previous totals have been lined out but not obliterated. The same procedure shall be followed for each entry in columns 7, 8, and 9 with respect to cotton under the loan.

8. If any cotton pledged as security for a Commodity Credit Corporation loan is withdrawn from the loan, the amount previously entered in column 7 or 9 shall be circled, and the balance of the cotton which was not withdrawn shall be entered above the circled figure. The appropriate entry, if any, in column 4 or 6 shall be circled, and a figure representing the original entry, plus the amount withdrawn from the loan, shall be entered above the circled figure.

(d) Amount of initial farm and producer marketing quotas.
The amount of the initial producer marketing quota for each producer is the sum of the amounts opposite his name in columns 3, 4, and 7, and the initial amount of the farm marketing quota is the sum of the amounts on the total line in columns 3, 4, and 7. The amount of the producer or farm marketing quota to be entered on the red marketing cards initially issued to each producer or to the operator of the farm shall be equal to the sum of the amounts in columns 3 and 4 for the producer or the farm, as the case may be.

(e) Intermediate reapportionments of producer marketing quotas.
If the farm marketing quota is increased, as provided in section 301(c) of the regulations, an intermediate reapportionment of producer marketing quotas shall be made as provided in section 304(c) of the regulations. No intermediate reapportionment will be made unless the share in the production of one or more producers on the farm exceeds the amount entered for him in column 3. In making intermediate reapportionments of producer marketing quotas, columns 10 through 16 of Form 450 shall be executed as follows:

1. In column 10 opposite each producer's name enter his share in the cotton produced, as shown on Forms 354 at the time the intermediate reapportionment is made, and on the total line of column 10 enter the total thereof for all producers. If gin reports for all cotton produced on the farm are not on file in the county office at the time the reapportionment is made and the producers on the farm file with the county office gin tickets for the amount of cotton not covered by the gin reports, the county committee may, if it finds the gin tickets are authentic and reliable proof of the production, include the amount of cotton shown on the gin tickets or receipts as a part of the production on the farm for the purpose of making the intermediate reapportionment. Such gin tickets shall be kept in

the county office in the folder for the farm until the gin report for the cotton covered thereby is received and then returned to the producer.

2. Divide the total production, as shown on the total line of column 10, by the acreage planted to cotton, as shown on the total line of column 2, and enter the actual yield per acre in the space provided in the heading of column 10. Express the yield to the nearest tenth of a pound.

3. In the heading of column 11 enter the amount of the farm marketing quota determined by multiplying the acreage allotment in the heading of column 2 by the actual yield per acre in the heading of column 10.

4. In column 11 opposite each producer's name enter the amount by which his share in the actual production, as shown in column 10, exceeds the amount of his initial producer marketing quota, as shown in column 3. Make no entry in column 11 for any producer for whom the entry in column 3 exceeds the entry in column 10. On the total line of column 11, enter the sum of the entries therein.

5. In the heading of column 12, beneath the words "Increase In Quota", enter the amount by which the increased farm marketing quota, as shown in the heading of column 11, exceeds the initial farm marketing quota, as shown on the total line of column 3.

6. If the entry on the total line of column 11 is equal to or less than the entry in the heading of column 12 beneath the words "Increase In Quota", enter in the heading of column 12, beneath the words "Share in increase", the symbol "100%". If the entry on the total line of column 11 is in excess of the entry in the heading of column 12, enter in the heading of column 12, beneath the words "Share in increase", the quotient (carried to four places beyond the decimal point) obtained by dividing the entry in the heading of column 12 by the entry on the total line of column 11.

7. If the symbol "100%" appears in the heading of column 12 beneath the words "Share in increase", the entry in column 11 opposite each producer's name shall be transcribed in column 12. If a lower percentage factor was entered in the heading of column 12, enter in column 12 opposite each producer's name the result obtained by multiplying the entry opposite his name in column 11 by the percentage factor in the heading of column 12. The amount so entered is the amount by which the producer marketing quota of each such producer is increased. On the total line of column 12, enter the sum of the entries in column 12.

8. If a second reapportionment of the producer marketing quotas is made, the procedure outlined in items 1 through 7 above shall be followed with the following exceptions:

a. Columns 13, 14, and 15, respectively, shall be used in lieu of columns 10, 11, and 12.

b. The amount by which the producer marketing quota of each producer is increased shall be determined by executing column 16 as follows:

(i) In column 16 opposite each producer's name enter the amount by which the entry in column 15 exceeds the entry in column 12. Make no entry in column 16 for any producer unless the entry for him in column 12 is less than the entry in column 15.

(ii) On the total line of column 16 enter the sum of the entries in column 16. The amount so entered must equal the amount by which the entry on the total line of column 15 exceeds the entry on the total line of column 12.

9. If the county committee determines that the apportionment of the farm marketing quota among the producers on the farm, as shown by the increase in column 12 or column 16, is not fair and reasonable and adjusts the amounts thereof, as provided in section 304(e) of the regulations, the amounts previously entered in column 12 or column 16 shall be circled and the revised amounts for each producer entered above the circled figures. A memorandum showing the reason for the change and the facts considered by the county committee in making the change must be filed in the farm folder.

(f) Final reapportionment of producer marketing quotas. When the farm marketing quota is finally determined, as provided in section 301(c) of the regulations, the producer marketing quotas shall be reapportioned as provided in section 304(d) of the regulations. In making a final reapportionment of producer marketing quotas, columns 17 through 28 of Form 450 shall be executed as follows:

1. In column 17 opposite each producer's name enter his share in the cotton produced on the farm as shown on Forms 354. On the total line of column 17 enter the total production on the farm. The sum of the entries in column 17 must agree with the amount on the total lines thereof.

2. Divide the total production, as shown on the total line of column 17, by the acreage planted to cotton, as shown on the total line of column 2, and enter the resulting actual yield per acre in the heading of column 17. Express the yield per acre to the nearest tenth of a pound.

3. In column 18, beneath the word "Quota", enter the greater of the following: (i) The result obtained by multiplying the actual average yield per acre of the acreage planted to cotton, as shown in the heading of column 17, by the cotton acreage allotment, as shown in the heading of column 2; or (ii) the result obtained by multiplying the normal yield, as shown in the heading of column 3, by the cotton acreage allotment.

4. In column 18, opposite each producer's name, enter the amount, if any, by which the entry in column 3 exceeds the sum of the entries in columns 6, 9, and 17 opposite his name. On the total line of column 18 enter the sum of the entries therein.

5. In column 19, opposite each producer's name, enter the amount by which his share in the actual production, as shown in column 17, exceeds the amount of his initial producer marketing quota, as shown in column 3. Make no entry in column 19 for any producer for whom an entry appears in column 18. On the total line of column 19 enter the sum of the entries in column 19.

6. In the heading of column 19, beneath the words "Increase In Quota" enter the amount by which the final farm marketing quota, as shown in the heading of column 18, exceeds the initial farm marketing quota, as shown on the total line of column 3, or, if the entry in the heading of column 18 is equal to the entry on the total line of column 3, enter a zero.

7. In the heading of column 20, beneath the words "Total Increase", enter the result obtained as follows: The amount on the total line of column 18, plus the amount in the heading of column 19.

8. If no entry is made in the heading of column 20, make no entries in columns 20 through 26 and enter in column 27 for each producer the sum of the entries for him in columns 3, 4, 12, and 16. On the total line of column 27 enter the sum of the entries in column 27.

9. In column 20 enter the following:

a. If the amount on the total line of column 19 exceeds the amount in the heading of column 20 after the words "Total Increase", enter in the heading of column 20, after the words "Share in increase", the quotient (carried to four places beyond the decimal point) obtained by dividing the entry in the heading of column 20 after the words "Total Increase" by the entry on the total line of column 19. In column 20, opposite each producer's name, enter the result obtained by multiplying the entry for him in column 19 by the quotient in the heading of column 20. On the total line of column 20 enter the sum of the amounts in column 20, which must equal the amount in the heading of column 20 after the words "Total Increase".

I b. If the amount in the heading of column 20, after the words "Total Increase", exceeds the amount on the total line of column 19, enter "100%" in the heading of column 20 after the words "Share in increase" and transcribe in column 20 the entries in column 19.

10. In column 21 enter the following:

a. If an entry appears in column 18 for a producer, enter for him in column 21 the amount by which the entry

in column 3 exceeds the entry in column 18 (column 3 minus column 18).

b. If no entry appears in column 18 for a producer, enter for him in column 21 the sum of the entries in columns 3 and 20 (column 3 plus column 20).

c. On the total line of column 21 enter the sum of the amounts entered in column 21, pursuant to items a. and b. above.

11. If the entry on the total line of column 21 is equal to the amount of the farm marketing quota as shown in the heading of column 18 after the word "Quota", make no entries in columns 22 through 25 and execute columns 26 and 27 as follows:

a. If no intermediate reapportionment of producer marketing quotas was made, enter in column 26 for each producer the amount, if any, by which the entry in column 21 exceeds the entry in column 3. On the total line of column 26 enter the sum of the amounts in column 26, which must equal the amount in the heading of column 20 after the words "Total Increase".

b. If intermediate reapportionments of producer marketing quotas were made, enter in column 26 for each producer the amount, if any, by which the entry in column 21 exceeds the sum of the entries in columns 3, 12, and 16. On the total line of column 26 enter the sum of the amounts in column 26, which must equal the amount by which the entry in the heading of column 20, after the words "Total Increase", exceeds the sum of the entries on the total line of columns 12 and 16.

c. In column 27 enter the sum of the amounts in columns 4 and 21.

12. If the amount of the farm marketing quota, as shown in the heading of column 18 after the word "Quota", exceeds the entry on the total line of column 21, and the sum of the entries in columns 6, 9, and 17 for any producer exceeds the entry for him in column 21, columns 22 through 27 shall be executed as follows:

a. In column 22, opposite each producer's name, enter the amount, if any, by which the sum of the entries for him in columns 6, 9, and 17 exceeds the entry for him in column 21. On the total line of column 22 enter the sum of the amounts in column 22.

b. In column 23, for each producer for whom an entry appears in column 22, enter the amount of his share in the cotton produced on the farm, as shown in column 17. On the total line of column 23 enter the sum of the amounts in column 23.

c. In the heading of column 24, after the word "Increase", enter the amount by which the farm marketing quota, as shown in the heading of column 18 after the word "Quota", exceeds the entry on the total line of column 21.

d. In column 24 enter the following:

(i) If the amount in the heading of column 24 after the word "Increase" exceeds the amount on the total line of column 22, enter in column 24 the amounts in column 22.

(ii) If the amount on the total line of column 22 exceeds the amount in the heading of column 24 after the word "Increase", enter in the heading of column 24 after the words "Share in increase" the quotient (carried to four places beyond the decimal point) obtained by dividing the entry in the heading of column 24 after the word "Increase" by the amount on the total line of column 23. In column 24 for each producer enter either the amount for him in column 22 or the result obtained by multiplying the entry for him in column 23 by the quotient in the heading of column 24, whichever is the smaller. On the total line of column 24 enter the sum of the amounts in column 24.

e. If the amount in the heading of column 24 after the word "Increase" exceeds the amount on the total line of column 24 and the entry in column 24 for any producer is less than the entry for him in column 22, execute column 25 as follows:

(i) In the heading of column 25 after the word "Increase" enter the amount by which the entry in the heading of column 24 after the word "Increase" exceeds the entry on the total line of column 24.

(ii) Determine, through calculations not shown on Form 450, the amount, if any, by which the entry in column 22 for each producer exceeds the entry for him in column 24.

(iii) If the entry in the heading of column 25 after the word "Increase" exceeds the sum of the amounts determined under (ii) above, enter in column 25 for each producer the amount by which the entry in column 22 for him exceeds the entry in column 24.

(iv) Divide the entry in the heading of column 25 by the sum of the entries in column 23 for those producers for whom the entries in column 24 are less than the entries in column 22 and enter the quotient in the heading of column 25 after the words "Share in increase".

(v) Enter in column 25 for each producer for whom the entry in column 24 is less than the entry in column 22 the amount determined in (ii) above or the result obtained by multiplying the entry in column 23 for the producer by the quotient in the heading of column 25, whichever is the smaller. On the total line of column 25 enter the sum of the entries in column 27.

(vi) If the amount in the heading of column 25 after the word "Increase" exceeds the amount on the total line of column 25 and the sum of the entries in columns 25 and 24 for any producer is less than the entry for him in column 22, the excess shall be apportioned among such producers on the basis of their shares in the production on the farm, provided that such apportionment shall not operate to give any producer a producer marketing quota larger than his share in the production plus carry-over penalty cotton. The apportionment shall be made on a separate sheet of paper to be designated as column 25-A and attached to the Form 450.

f. In column 26 enter the following:

(i) If no intermediate reapportionment of producer marketing quotas was made, enter in column 26 for each producer the amount, if any, by which the sum of the amounts in columns 21, 24, and 25 exceeds the amount in column 3 for him.

(ii) If intermediate reapportionments of producer marketing quotas were made, enter in column 26 for each producer the amount, if any, by which the sum of the entries in columns 21, 24, and 25 exceeds the sum of the entries in columns 3, 12, and 16 for him.

(iii) On the total line of column 26 enter the sum of the amounts in column 26.

g. In column 27 enter the sum of the entries in columns 4, 21, 24, and 25.

13. If the amount of the farm marketing quota, as shown in the heading of column 18 after the word "Quota", exceeds the entry on the total line of column 21, and the sum of the entries in columns 6, 9, and 17 for no producer exceeds the entry for him in column 21, columns 22 through 25 shall not be executed and the entries in columns 26 and 27 shall be made as follows:

a. If no intermediate reapportionment of producer marketing quotas was made, enter in column 26 for each producer the amount, if any, by which the entry in column 21 exceeds the entry in column 3.

b. If intermediate reapportionments of producer marketing quotas were made, enter in column 26 for each producer the amount, if any, by which the entry in column 21 exceeds the sum of the entries in columns 3, 12, and 16.

c. On the total line of column 26 enter the sum of the amounts in column 26.

d. In column 27 enter the sum of the amounts in columns 4 and 21.

14. If the sum of the amounts on the total line of columns 21, 24, and 25 is less than the amount of the farm marketing quota, as shown in the heading of column 18 after the word "Quota", the amount by which the farm marketing quota, as shown in the heading of column 18, exceeds the sum of the entries on the total line of columns 21, 24, and 25 shall be divided among the persons on the farm who are not engaged in the production of cotton but who have carry-over penalty cotton designated to be marketed in connection with the farm. Each such person shall be entitled to a share in such excess in the proportion that the amount of his carry-over penalty cotton bears to the total amount of carry-over penalty cotton of all such persons, but not to exceed the amount of his carry-over penalty cotton. The amount so determined for each such person shall be entered in column 26 opposite his name and the total of column 26 shall be increased by the sum of the amounts so entered. In column 27 for each such person enter the sum of the amounts for him in columns 4 and 26 and increase the total of column 27 by the sum of the amounts so entered.

15. If any carry-over penalty free cotton pledged to secure a Commodity Credit Corporation loan is withdrawn from the loan subsequent to the time the final producer marketing quotas are entered in column 27, the amount of the producer marketing quota in column 27 for the producer who redeems the cotton shall be increased by the amount of such cotton withdrawn from the loan.

16. If the county committee determines that the figures in column 27 are not fair and reasonable shares in the actual or normal production of the farm acreage allotment, whichever is the greater, because of variations in productivity, acreage planted to cotton by each producer, crop failure, or any other cause, and, as provided in section 304(e) of the regulations, redetermines the shares as originally shown in column 27, the redetermined producer marketing quotas shall be entered in column 28. That part of a producer marketing quota which is attributable to the carry-over penalty free cotton shall not be adjusted, reduced, or increased under this item. A memorandum showing the reasons for the change and the facts considered by the county committee in making the change must be filed in the folder for the farm.

17. Notwithstanding any other provisions of paragraphs (e) and (f) of this section, if the final farm marketing quota exceeds the total production on the farm or the actual production plus any carry-over penalty cotton designated to be marketed in connection with the farm, the final farm marketing quota may be apportioned by dividing the actual production plus the carry-over penalty cotton, if any, into the final farm marketing quota and multiplying the resulting percentage figure by each producer's share in the production plus his carry-over penalty cotton, if any. The result so obtained for each producer plus the amount shown in column 4 for him should be entered in column 27.

(g) Record of cotton marketed and penalties remitted. The record of cotton marketed and penalties remitted to the treasurer of the county committee shall be made on Form 450 as follows:

1. On line (a) in column 36 opposite each producer's name enter the printed serial number of the first marketing certificate in the book of certificates accompanying the red marketing card issued to the producer. On line (b) in column 36 opposite each producer's name enter the serial number of the red marketing card issued to the producer.

2. On line (a) in the columns headed "Reference No." of columns 37 through 55 enter the printed serial number of the red marketing card certificate for each producer whose name appears in item 9 thereof (or in the continuation of item 9 on an attached list). For the purpose of entering the serial numbers of the certificates, since the marketing cards for a farm will be issued in consecutive serial number order, only the last three figures of the certificate serial number need be entered. The reference to the first certificate covering the marketing of cotton by or for a producer shall be entered on line (a) in column 37 and the references to subsequent certificates shall be entered in consecutive order on line (a) in the columns headed "Reference No." of columns 39 through 55.

3. On line (b) in the columns headed "Reference No." of columns 37 through 55 enter the printed serial number of the receipt issued to the remitter of the penalty incurred with respect to the

transaction covered by a particular red marketing card certificate. The printed serial number of the receipt shall be entered on line (b) of the column headed "Reference No." in which the printed serial number of the related red marketing card certificate was entered. If no penalty was incurred or remitted with respect to the transaction covered by a particular marketing certificate, no entry shall be made on line (b) of the column headed "Reference No." in which the serial number thereof is recorded. If the marketing certificate indicates that a penalty was incurred and the amount of the penalty has not been remitted, no entry shall be made on line (b) of the column headed "Reference No." in which the printed serial number thereof is recorded and the serial number of the certificate on line (a) thereof shall be circled in red. If the penalty is subsequently remitted, the printed serial number of the certificate shall be entered on line (b) in the manner outlined above. If only a portion of the penalty shown by the certificate to have been incurred was remitted, the printed serial number of the receipt shall be entered on line (b) of the column headed "Reference No." in which the serial number of the related certificate is recorded.

4. On line (a) in the columns headed "Amount" of columns 38 through 56, enter for each producer the number of pounds shown opposite his name in item 9 (or in the continuation thereof on an attached list) of the red marketing card certificate. The number of pounds shown on the first certificate covering the marketing of cotton by or for a producer shall be entered on line (a) of column 38 and the number of pounds covered by subsequent certificates shall be entered in consecutive order on line (a) in the columns headed "Amount" of columns 40 through 56.

5. On line (b) in the columns headed "Amount" of columns 38 through 56, opposite the name of each producer having an interest in the cotton marketed, enter the amount remitted as the penalty for a transaction covered by a particular red marketing card certificate. In cases where only one producer had an interest in the cotton marketed, the amount of the penalty shall be taken from item 6 of the certificate. In cases where more than one producer had an interest in the cotton marketed and all of it was marketed subject to penalty, the amount of the penalty to be entered for each producer shall be determined by multiplying by the rate of the penalty for the current marketing year the entry shown opposite his name in item 9 (or a continuation thereof on an attached list) of the certificate. In cases where more than one producer had an interest in the cotton marketed and only a portion of it was marketed subject to penalty, the amount of the penalty for each producer shall be taken from the related Form 355. The amount collected as the penalty shall be entered on line (b) of the column headed "Amount" in which the cotton covered by the related certificate was entered. If no penalty was incurred with respect to the transaction covered by a particular certificate, no entry shall be made on line (b) of the column headed "Amount" in which the cotton covered by the certificate is recorded. If the certificate indicates that a penalty was incurred and the amount of

the penalty was not remitted, no entry shall be made on line (b) of the column headed "Amount" in which the cotton covered by the certificate is recorded until the penalty is remitted.

6. If the buyer makes the report on Form 530 in connection with any cotton not identified by a marketing card or certificate, the amount of cotton so marketed shall be recorded as provided in items 1 through 5 above, with the exception that, in lieu of the printed serial number of the red marketing card certificate, enter the printed serial number of Form 530, preceded by the letter "U". If the penalty in connection therewith was not remitted, the printed serial number of Form 530 shall be circled in red to indicate that the penalty was not remitted.

7. At the close of each month, after the red marketing card certificates and Forms 530 received during the month are recorded, as outlined in items 1 through 6 above, the total amount of cotton marketed from the farm, as shown on line (a) in the columns headed "Amount" of columns 38 through 56, shall be computed and the total amount of the penalties remitted in connection therewith, as shown on line (b) in the columns headed "Amount" of columns 38 through 56, shall be computed. The totals for the farm through the first month shall be recorded on lines 11 (a) and 11 (b), respectively, of column 38; the cumulative totals through the second month shall be recorded on line 11 (a) and line 11 (b), respectively, of column 40; and the cumulative totals for subsequent months shall be entered thereafter in consecutive order in the succeeding columns headed "Amount" of columns 42 through 56. On line 11 (b) of the column headed "Reference No.", immediately preceding each column headed "Amount" in which the cumulative totals appear, there shall be entered the month through which the cumulative totals were computed.

8. In case any cotton is marketed in processed form by any producer on the farm, the net weight of any cotton so marketed, as shown by the report of the producer on Form 417-A, shall be entered on line (a) of the columns headed "Amount" of the columns 38 through 56 opposite the producer's name and the amount of any penalty paid in connection therewith shall be entered on line (b) of the column. On line (a) of the preceding column headed "Reference No." enter the legend "P.C." and on line (b) of the column enter the printed serial number of the receipt issued to the producer for any penalty paid.

9. In case a bond of indemnity was accepted for the farm, or in case a white marketing card was issued for the farm under the one thousand pound provision, the amount of cotton marketed in connection with the farm by each producer, as shown by the report of the farm operator on Form 417, shall be entered on line (a) of column 38 opposite the name of each producer. If the operator's report was a preliminary report, the amount of cotton subsequently marketed, as shown by the operator's final report, shall be entered on line (a) of column 40 for each producer. The amount of any penalty in connection therewith shall not be entered until the amount of the penalty incurred is determined, as outlined in paragraph (h), and the amount thereof has

been paid. When the penalty is paid, the amount thereof shall be entered on line (b) in the columns headed "Amount" of columns 38 through 56 opposite the name of the operator or of the producer (other than the operator or surety) who paid the amount and the serial number of the receipt issued therefor shall be entered on line (b) in the preceding column headed "Reference No." In case any reports of unidentified cotton on Form 530 are received, the report shall be recorded as outlined in item 7, except that the number of pounds shall not be entered on line (a).

10. In case funds to be held in escrow were accepted for the farm, the amount so deposited shall be entered on line (b) of column 38 opposite the name of the operator or producer who deposited the funds and the serial number of the receipt issued therefor shall be entered on line (b) of column 37. If any funds in addition to the amount originally deposited are received for the farm, the amounts so received shall be recorded in a similar manner on line (b) of columns 39 through 56 opposite the name of the operator or producer who paid the additional amount. The amount of cotton marketed in connection with the farm by each producer, as shown by the farm operator's report on Form 417, shall be entered on line (a) of column 38 opposite the name of each producer. If the operator's report was a preliminary report, the amount of cotton subsequently marketed, as shown by the operator's final report, shall be entered on line (a) of column 40 for each producer. In case any reports of unidentified cotton on Form 530 are received, the report shall be recorded as outlined in item 6, except that the number of pounds shall not be entered on line (a).

11. After all of the cotton grown by or for any producer on the farm plus the amount of any carry-over cotton which he had on hand is marketed, as shown by reports from the buyers, transferees, and producers, the sum of the entries on lines (a) and (b) of columns 38 through 56 shall be entered in column 57. After all of the cotton grown by or for all producers on the farm plus the amount of any carry-over cotton which they had on hand is marketed, the sum of the entries in column 57 shall be entered on lines 11 (a) and 11 (b) of column 57.

12. If the amounts in column 57 are correct, as verified by the farm operator's report on Form 417, the amounts shown in column 57 for producers who have completed the marketing of all of their cotton shall be transferred to column 58. If any of the entries for any of the producers are not correct, the records of the farm operator and the county committee shall be reconciled and the farm operator and the county committee shall make any corrections necessary and enter the correct amounts for each producer and for the farm in column 58. If a buyer or transferee has failed to submit a report or has failed to remit the amount of any penalty which was or should have been collected by him, the buyer or transferee, as the case may be, shall be requested to submit the reports and penalties which are in default and the correction of Form 450 in that respect shall be made only after the reports or penalties have been submitted. If the producers on the farm have not marketed all of the cotton on the farm as of March 1, 1942, the record of cotton marketed and penalties paid, as adjusted at that time, shall

be made by correcting the entries in columns 37 through 56. Thereafter, the entries in columns 37 through 56 shall be examined, and, if necessary, adjusted as indicated above by the farm operator and the county committee on the basis of the farm operator's final report on Form 417.

(h) Record of the amount of penalties incurred. In the event of a bond of indemnity or funds to be held in escrow, the amount of the penalties incurred for the farm on the basis of the preliminary farm operator's report shall be computed as provided in this paragraph, except that the amount computed shall not be entered in column 59 until the final report is made. After the entries have been made in column 58 of Form 450, as outlined in paragraph (g) of this section, the amount of the penalties incurred by each producer shall be determined and entered on Form 450 as follows:

1. On line (a), column 59, enter the amount, if any, by which the amount on line (a), column 58, exceeds the amount in column 27, or if an adjustment in the amount of the producer marketing quotas was made, as provided in section 304(e) of the regulations, the amount in column 28.

2. Make no entry in columns 60 and 61.

3. On line (b) of column 59 enter the product obtained by multiplying the entry on line (a) thereof by the rate of penalty applicable to cotton of the current crop.

4. The sum of the entries on lines (a) and (b) of column 59 shall be entered on lines 11 (a) and 11 (b) thereof, respectively.

5. In the event the total amount of cotton produced on the farm is 1,000 pounds or less, the amount of the penalty incurred shall be determined only with respect to the amount of carry-over penalty cotton which is marketed in excess of the farm marketing quota. The only amount of such cotton which may be marketed within the amount of the farm marketing quota is the amount by which the cotton produced on the farm is less than the farm marketing quota.

(i) Determination of refunds. A record of the amounts which are to be refunded pursuant to section 704 of the regulations shall be made on Form 450 as follows:

1. If the entry on line (b), column 59, for any producer is in excess of the entry opposite his name on line (b), column 58, enter on line (b), column 62, the amount by which the entry on line (b), column 59, exceeds the entry on line (b), column 58. The sum of the entries in column 62 shall be entered on line 11 (b) thereof.

2. If the entry on line (b), column 59, for any producer is less than the entry opposite his name on line (b), column 58, enter on line (b), column 63, the amount by which the entry on line (b), column 58, exceeds the entry on line (b), column 59. The sum of the entries in column 63 shall be entered on line 11 (b) thereof.

3. If the entries on lines 11 (b) of columns 59 and 62, respectively, are equal to or in excess of the entries on lines 11 (b) of columns 58 and 63, no refund in connection with the farm may be authorized to be made to any producer out of the funds held in the special deposit account for the marketing year. In the heading of column 62 enter the amount by which the entry on line 11 (b), column 62, exceeds the amount on line 11 (b), column 63. The amount so entered must be equal to the amount by which the entry on line 11 (b), column 59, exceeds the entry on line 11 (b), column 58. If the entries on lines 11 (b) of columns 58 and 63, respectively, are in excess of the entries on lines 11 (b) of columns 59 and 62, the amount of the excess to which each producer is entitled as a refund shall be determined as follows:

a. On line 11 (b), column 64, enter the amount by which the entry on line 11 (b), column 63, exceeds the entry on line 11 (b), column 62.

b. In the heading of column 64, beneath the word "Refunds", enter the quotient (carried to four decimal places) obtained by dividing the amount on line 11 (b), column 64, by the amount on line 11 (b), column 63.

c. On line (b), column 64, opposite each producer's name, enter the result obtained by multiplying the amount in column 63 for him by the percentage factor in the heading of column 64. The sum of the entries so made must equal the amount on line 11 (b), column 64.

d. If no entries appear in column 62, enter on line (b) in column 64 for each producer the amount shown on line (b) in column 63 opposite his name.

e. No refund shall be certified for payment unless and until the auditor has examined the records with respect to the farm and found them to be correct.

(j) Determination of the amount of unmarketed cotton. After or at the time the entries are made in column 58 of Form 450 and prior to the time any refunds for the producers on the farm are approved and certified, the amount of unmarketed cotton on hand shall be determined. In order to overcome the presumption that a farmer has marketed all cotton which is shown in columns 4 through 9 and column 17 (column 17 is also the amount on Forms 551 and 354) of Form 450, a representative of the county office shall verify the amount of unmarketed cotton shown in Part IV of the farm operator's report on Form 417 by actual inspection of the cotton described therein or an examination of warehouse receipts, or, in the case of cotton pledged as security for a Commodity Credit Corporation loan, by an examination of the producer's loan agreement. If the amount of unmarketed cotton as reported in Part IV of Form 417 for the farm is found to be correct, the representative of the county office shall execute the certificate in Part VII of Form 417. If Part IV of Form 417 is found to be in error, the county office

representative shall prepare a memorandum showing therein the nature of the errors and the correct information concerning the unmarketed cotton. The operator of the farm shall be requested to explain the difference or to file a correctly executed Form 417. If the amount of unmarketed cotton on hand as determined by the county office representative and as shown in Part IV of Form 417 plus the amount on line (a), column 58, is less than the sum of the entries on line 11 of columns 4 through 9 and 17, the amounts in column 58 shall be increased by the amount of the difference. This adjustment must allow for variations in gin weights and sale weights of the bales or lots of cotton of the current crop and carried over into the marketing year from a previous crop which are not accounted for in column 58 or by the inspection of the unmarketed cotton on hand. The amount of the unmarketed cotton on hand determined as indicated above shall be entered on Form 450 as follows:

1. In column 29 enter the number of pounds of cotton which, if marketed, would not be subject to penalty and is not pledged as security for a Commodity Credit Corporation loan.

2. In column 31 enter the amount of cotton which, if marketed, would be subject to penalty at the rate per pound applicable to cotton of the current crop and is not pledged as security for a Commodity Credit Corporation loan.

3. In column 32 enter the amount of cotton which, if marketed, would not be subject to penalty and is pledged as security for a Commodity Credit Corporation loan.

4. In column 34 enter the amount of cotton which, if marketed, would be subject to penalty at the rate per pound applicable to cotton of the current crop and is pledged as security for a Commodity Credit Corporation loan.

Sec. 404 Preparation and execution of Form 450-A. (a) Initial preparation of Form 450-A. Form 450-A shall be prepared in the original only and placed in a binder in the numerical order of the farm serial numbers for which it is prepared. Form 450-A shall be executed as follows:

1. In the spaces indicated enter the farm serial number, preceded by the State and county code number, the sheet number and total number of sheets, and the marketing year. If any producer has an interest in other farms, enter the word "Multiple" above the title of Form 450-A and list in the spaces provided the name of each such producer and the serial numbers of the other farms in which he is interested. In case a bond of indemnity or funds to be held in escrow to secure the payment of the penalty are accepted for the farm or white marketing cards are issued pursuant to the one thousand pound exemption provision, enter to the right of the title of the form the words "Bond" or "Escrow" or "1,000 pounds", respectively, as the case may be.

2. In column 1 enter the names of all cotton producers on the farm. If there are persons on the farm who have cotton on hand from a previous crop but who are not interested in the current cotton crop on the farm or in the proceeds thereof, enter the names of such persons in column 1 after the names of all producers have been listed.

3. In the heading of column 1, following the words "Acreage Allotment", enter the farm acreage allotment established for the farm for the marketing year. If a farm acreage allotment for a new farm was not established enter the word "None".

4. In the heading of column 1, following the words "Normal Yield", enter the normal yield per acre of lint cotton established for the farm for the marketing year.

5. In column 2, opposite each producer's name, enter his fractional share in the current cotton crop on the farm, that is, "1/2", "1/4", or "3/4", etc.

6. In the heading of column 2 enter the acreage planted to cotton on the farm as shown by the report of measurements.

7. In the heading of column 3 enter the normal production of the farm acreage allotment determined by multiplying the farm acreage allotment by the normal yield per acre.

(b) Initial apportionment of producer marketing quotas. Producer marketing quotas shall first be determined by executing Form 450-A as follows:

1. In column 3 for each producer enter his share in the normal production of the farm acreage allotment, as it appears in the heading of column 3, which shall be determined by dividing the normal production of the farm acreage allotment among the producers on the farm as they

share in the cotton crop on the farm, as shown by the fractional shares in column 2.

2. The sum of the entries in column 3 must equal the normal production of the farm acreage allotment.

3. If the county committee determines that the figures in column 3 are not a fair and reasonable basis for establishing initial producer marketing quotas because of variations in productivity, the acreage planted to cotton by each producer, crop failure, or any other cause, and redetermines the amount of the producer marketing quotas as originally shown in column 3, the entries in column 3 shall be circled and the corrected producer marketing quotas entered above the circled figures. A memorandum showing the reason for the change and the factors considered in making the change must be filed in the farm folder.

(c) Record of cotton on hand from a previous crop. The record of the carry-over penalty free cotton and carry-over penalty cotton in connection with the farm will be entered in columns 4 through 9 of Form 450-A and the carry-over penalty cotton, which, if marketed during the preceding marketing year, would have been marketed subject to penalty at a rate lower than the rate of penalty applicable to the current crop, shall be converted into an amount of carry-over penalty free cotton and carry-over penalty cotton at the rate of penalty applicable to the current crop, as provided in Sec. 403(c).

(d) Intermediate reapportionments of producer marketing quotas. If the farm marketing quota is increased, as provided in section 301(c) of the regulations, an intermediate reapportionment of producer marketing quotas shall be made as provided in section 304(c) of the regulations. In making an intermediate reapportionment of producer marketing quotas, columns 10 and 11 of Form 450-A shall be executed as follows:

1. In the heading of column 10, beneath the word "Production", enter the total amount of lint cotton of the current crop (exclusive of bagging and ties) produced on the farm at the time the intermediate reapportionment is made. If gin reports for all cotton produced on the farm are not on file in the county office at the time the reapportionment is made and the producers on the farm file with the county office gin tickets for the amount of cotton not covered by the gin reports, the county committee may, if it finds the gin tickets or receipts are authentic and reliable proof of the production, include the amount of lint cotton shown on the gin tickets as a part of the production on the farm for the purpose of making the intermediate reapportionment. Such gin tickets or receipts shall be kept in the county office in the folder for the farm until reported by the ginner.

2. Divide the total production, as shown in the heading of column 10, by the acreage planted to cotton, as shown in the heading of column 2, and enter the resulting actual yield per acre in the space provided in the heading of column 10 after the word "Yield". Express

the yield per acre to the nearest tenth of a pound.

3. In the heading of column 10, in the space following the word "Quota", enter the amount of the increased farm marketing quota determined by multiplying the acreage allotment in the heading of column 1 by the actual yield per acre in the heading of column 10.

4. On line 4, column 10, enter the smaller of the following: (i) The amount by which the increased farm marketing quota, as shown in the heading of column 10 after the word "Quota", exceeds the normal production of the farm acreage allotment, as shown in the heading of column 2; or (ii) the amount by which the actual production, as shown in the heading of column 10, exceeds the normal production of the farm acreage allotment.

5. In column 10, opposite each producer's name, enter his share in the increase shown on line 4, column 10, which shall be determined by dividing the increase among the producers on the farm as they share in the current cotton crop on the farm, as shown by the fractional shares in column 2.

6. If a second intermediate reapportionment is made, enter in the heading of column 11, beneath the word "Production", the total amount of lint cotton produced on the farm at the time the second intermediate reapportionment is made, which shall be determined in the manner outlined in item 1 above for the first intermediate reapportionment.

7. Divide the total production, as shown in the heading of column 11, by the acreage planted to cotton, as shown in the heading of column 2, and enter the resulting actual yield per acre in the space provided in the heading of column 11 after the word "Yield". Express the yield per acre to the nearest tenth of a pound.

8. In the heading of column 11, in the space following the word "Quota", enter the amount of the increased farm marketing quota determined by multiplying the acreage allotment in the heading of column 1 by the actual yield per acre in the heading of column 11.

9. On line 4, column 11, enter the smaller of the following: (i) The amount by which the increased farm marketing quota, as shown in the heading of column 11 after the word "Quota", exceeds the amount of the farm marketing quota as first increased, as shown in the heading of column 10 after the word "Quota"; or (ii) the amount by which the actual production, as shown in the heading of column 11, exceeds the amount of the initial farm marketing quota plus the amount reapportioned to the producers on the farm, as shown on line 4 of column 10.

10. In column 11, opposite each producer's name, enter his share in the increase shown on line 4, column 11, which shall be determined by dividing the increase among the producers on the farm as they share in the cotton produced in 1940 on the farm, as shown by

the fractional shares in column 2.

(e) Final reapportionment of producer marketing quotas. When the farm marketing quota is finally determined, as provided in section 301(c) of the regulations, the producer marketing quotas shall be reapportioned as provided in section 304(d) of the regulations. In making a final reapportionment of producer marketing quotas, columns 12 through 15 of Form 450-A shall be executed as follows:

1. In the heading of column 12, beneath the word "Production", enter the total amount of cotton of the current crop produced on the farm.

2. Divide the total production as shown in the heading of column 12 by the acreage planted to cotton, as shown in the heading of column 2, and enter the resulting actual yield per acre in the heading of column 12 after the word "Yield". Express the yield per acre to the nearest tenth of a pound.

3. In the heading of column 12, beneath the word "Quota", enter the greater of the following: (i) The result obtained by multiplying the actual average yield per acre of the acreage planted to cotton, as shown in the heading of column 12 after the word "Yield", by the cotton acreage allotment, as shown in the heading of column 1; or (ii) the result obtained by multiplying the normal yield, as shown in the heading of column 1, by the cotton acreage allotment.

4. The entry in column 12 for each producer shall be determined as follows:

a. If the farm marketing quota, as shown in the heading of column 12 beneath the word "Quota", is equal to the normal production of the farm acreage allotment, as shown in the heading of column 3, enter in column 12 opposite each producer's name the smaller of the following: (i) His initial producer marketing quota, as shown in column 3; or (ii) his share in the total production on the farm plus the amount of his carry-over penalty cotton shown in columns 6 and 9. On line 4, column 12, enter the sum of the amounts in column 12.

b. If the farm marketing quota, as shown in the heading of column 12 beneath the word "Quota", exceeds the normal production of the farm acreage allotment, as shown in the heading of column 3, enter on line 4, column 12, the smaller of the following: (i) The amount of the farm marketing quota, as shown in the heading of column 12 beneath the word "Quota"; or (ii) the total amount of cotton of the current crop produced on the farm, as shown in the heading of column 12 beneath the word "Production". In column 12 for each producer enter his share in the amount shown on line 4, column 12, which shall be determined by dividing such amount among the

producers on the farm as they share in the current cotton crop on the farm, as shown by the fractional shares in column 2.

5. If the amount on line 4, column 12, is equal to the amount of the farm marketing quota, as shown in the heading of column 12, or if the amount on line 4, column 12, is less than the farm marketing quota and no producer on the farm has any carry-over penalty cotton, enter in column 15 for each producer the amount shown opposite his name in column 4 plus the amount in column 12.

6. If the amount on line 4, column 12, is less than the amount of the farm marketing quota, as shown in the heading of column 12, and one or more of the producers have carry-over penalty cotton which would be marketed in excess of the amount shown opposite his name in column 12, columns 13, 14, and 15 shall be executed as follows:

a. In column 13, opposite each producer's name, enter the amount by which the sum of the entries in columns 6 and 9, plus his share in the total production in 1941 on the farm, exceeds the entry for him in column 12. On line 4, column 13, enter the sum of the amounts in column 13.

b. In the heading of column 14, beneath the word "Pounds", enter the amount by which the farm marketing quota, as shown in the heading of column 12, exceeds the entry on line 4, column 12.

c. If the portion of the farm marketing quota shown in the heading of column 14 beneath the word "Pounds" is equal to or in excess of the entry on line 4, column 13, enter in column 14 the entries in column 13.

d. If the portion of the farm marketing quota shown in the heading of column 14 beneath the word "Pounds" is less than the entry on line 4, column 13, enter in column 14 for each producer his share in the increased poundage shown in the heading of column 14, which shall be determined by dividing the increase among the producers on the farm as they share in the current cotton crop produced on the farm, as shown by the fractional shares in column 2. The entry for any producer in column 14 shall not exceed the entry for him in column 13 and the amount by which the entry which otherwise would be made in column 14 for a producer exceeds the entry for him in column 13 shall be distributed among the other producers as they share in the current cotton crop. On line 4, column 14, enter the sum of the amounts in column 14.

a. In column 15 enter the sum of the entries in columns 4, 12, and 14.

7. If the county committee determines that the figures in column 15 are not fair and reasonable shares in the actual or normal production of the farm acreage allotment, whichever is the greater, because of variations in productivity, the acreage planted to cotton by each producer, crop failure, or any other cause, and, as provided in section 304(c) of the regulations, redetermines the shares as originally shown in column 15, the entries in column 15 shall be circled and the redetermined producer marketing quotas entered above the circled figures. That part of a producer marketing quota which is attributable to the carry-over penalty free cotton shall not be adjusted, reduced, or increased under this item. A memorandum showing the reasons for the change and the facts considered by the county committee in making the change must be filed in the folder for the farm.

8. If any carry-over penalty free cotton pledged to secure a Commodity Credit Corporation loan is withdrawn from the loan subsequent to the time the final producer marketing quotas are entered in column 15, the amount of the producer marketing quota in column 15 for the producer who redeems the cotton shall be increased by the amount of the cotton withdrawn from the loan and the amount of the producer marketing quota so increased shall be entered in column 15 in lieu of the previous producer marketing quota shown therein.

9. Notwithstanding any other provisions of paragraphs (d) and (e) of this section, if the final farm marketing quota exceeds the actual production on the farm or the actual production plus any carry-over penalty cotton designated to be marketed in connection with the farm, the final farm marketing quota may be apportioned by dividing the actual production plus the carry-over penalty cotton, if any, into the final farm marketing quota and multiplying the resulting percentage figure by each producer's share in the production plus his carry-over penalty cotton, if any. The result so obtained for each producer plus the amount shown in column 4 for him should be entered in column 15.

(f) Record of cotton marketed and penalties remitted. The record of cotton marketed and penalties remitted to the treasurer of the county committee shall be made on Form 450-A as follows:

1. On line (a), following the words "Reference No.", in the heading of columns 16 through 26, enter the printed serial number of the red marketing card certificate received from the buyer or transferee or producer. The reference to the first certificate covering the marketing of cotton in connection with the farm shall be entered on line (a) in the heading of column 16, and the references to certificates received subsequently shall be entered in consecutive order on line (a), following the words "Reference No.", in the headings of columns 17 through 26.

2. On line (b), following the words "Reference No.", in the heading of columns 16 through 26, enter the printed serial number of Form 419 or Form 419 -A (in entering the serial number of Form 419-A, the entry shall be preceded by the letter "A") issued to the remitter of the penalty incurred with respect to the transaction covered by a particular certificate. The printed serial number of Form 419 or Form 419-A shall be entered on line (b) in the heading of the column in which the printed serial number of the related certificate was entered on line (a). If no penalty was incurred or remitted with respect to the transaction covered by a particular certificate, no entry shall be made on line (b) in the heading of the column in which the serial number of the certificate is recorded on line (a). If the certificate indicates that a penalty was incurred and the amount of the penalty has not been remitted, no entry shall be made on line (b) in the heading of the column in which the printed serial number thereof is recorded and the serial number of the certificate on line (a) thereof shall be circled in red. If the penalty is subsequently remitted, the printed serial number of the Form 419 shall be entered on line (b) in the manner outlined above. If only a portion of the penalty shown by the certificate to have been incurred was remitted, the printed serial number of Form 419 shall be entered on line (b) in the heading of the column in which the printed serial number of the related certificate is recorded.

3. On line (a) in columns 16 through 26 for each producer enter the number of pounds shown opposite his name on the certificate. The number of pounds shown on the first certificate covering the marketing of cotton by or for a producer shall be entered on line (a) of column 16, and the number of pounds covered by subsequent certificates in connection with the farm shall be entered in consecutive order on line (a) in columns 17 through 26. A separate column shall be used for each certificate covering the marketing of cotton in connection with the farm.

4. On line (b) in the columns 16 through 26 opposite the name of each producer having an interest in the cotton marketed, enter the amount remitted as the penalty with respect to the transaction covered by a particular certificate. In the case of a certificate where more than one producer had an interest in the cotton marketed and all of it was marketed subject to penalty, the amount of the penalty to be entered for each producer shall be determined by multiplying the number of pounds of lint cotton representing the producer's interest in the cotton marketed by the rate of penalty. In the case of a certificate where more than one producer had an interest in the cotton marketed and only a portion of it was marketed subject to penalty, the amount of the penalty for each producer shall be taken from the related Form 355. The amount collected as the penalty shall be entered on lines (b) of the column in which the cotton covered by the related certificate was entered. If no penalty was incurred with respect to the transaction covered by a particular certificate, no entry shall be made on line (b) of the column in which the cotton covered by the certificate is recorded. If the certificate indicates that a penalty was incurred and the amount of the penalty was not remitted, no entry shall be made on line (b) of the column in which the cotton covered by the certificate is recorded until the penalty is remitted.

5. In case any cotton is marketed in processed form by any producer on the farm, the net weight of any cotton so marketed, as shown by the report of the producer on Form 417-A, shall be entered on line (a) of one of the columns headed "Amount" of columns 16 through 26 opposite the producer's name and the amount of any penalty paid in connection therewith shall be entered on line (b) of the column. On line (a) of the heading of the column underneath the "Reference No." enter the legend "P.C.", and on line (b) enter the printed serial number of the receipt issued to the producer for any penalty paid.

6. In case a bond of indemnity was accepted for the farm, or in case a white marketing card was issued for the farm under the one thousand pound provision, the amount of cotton marketed in connection with the farm by each producer, as shown by the report of the farm operator on Form 417, shall be entered on line (a) of column 16 opposite the name of each producer. If the operator's report was a preliminary report, the amount of cotton subsequently marketed, as shown by the operator's final report, shall be entered on line (a) of column 17 for each producer. The amount of any penalty in connection therewith shall not be entered until the amount of the penalty incurred is determined, as outlined in paragraph (h), and the amount thereof has been paid. When the penalty is paid, the amount thereof shall be entered on line (b) in the columns headed "Amount" of columns 16 through 26 opposite the name of the operator or of the producer (other than the operator or surety) who paid the amount and the serial number of the receipt issued therefor shall be entered on line (b) of the heading of the column in which the penalty is recorded. In case any reports of unidentified cotton on Form 530 are received, the report shall be recorded as outlined in item 8 except that the number of pounds shall not be entered on line (a).

7. In case funds to be held in escrow were accepted for the farm, the amount so deposited shall be entered on line (b) of column 16 opposite the name of the operator or producer who deposited the funds and the serial number of the receipt issued therefor shall be entered on line (b) of the heading of the column. If any funds in addition to the amount originally deposited are received for the farm, the amounts so received shall be recorded in a similar manner on line (b) of columns 17 through 26 opposite the name of the operator or producer who paid the additional amount. The amount of cotton marketed in connection with the farm by each producer, as shown by the farm operator's report on Form 417, shall be entered on line (a) of column 16 opposite the name of each producer. If the operator's report was a preliminary report, the amount of cotton subsequently marketed, as shown by the operator's final report, shall be entered on line (a) of column 17 for each producer. In case any reports of unidentified cotton on Form 530 are received, the report shall be recorded as outlined in item 8 except that the number of pounds shall not be entered on line (a).

8. If the buyer makes the report on Form 530 required pursuant to section 802(c) of the regulations in connection with any cotton not identified by a marketing card or certificate issued to the producer, the amount of cotton so marketed shall be recorded as provided in items

1 through 4 above, with the exception that the serial number of the Form 530 shall be entered in lieu of the serial number of the red marketing card certificate. If the penalty in connection therewith was not remitted, as provided in section 703(a) of the regulations, the serial number of the Form 530 shall be circled in red to indicate that the penalty was not remitted.

9. At the close of each month, after certificates received during the month are recorded as outlined in items 1 through 5 above, the total amount of cotton marketed from the farm, as shown on line (a) in columns 16 through 26, shall be computed and the total amount of the penalties remitted in connection therewith, as shown on line (b) in such columns, shall be computed. The totals for the farm through the first month shall be recorded on lines 4(a) and 4(b), respectively, of the last column required to post the entries for the first month; the cumulative totals through the second month shall be recorded on line 4(a) and line 4(b), respectively, of the last column required to post the entries through that month, and the cumulative totals for subsequent months shall likewise be entered.

10. After all of the cotton of the current crop produced on the farm, plus the amount of any carry-over cotton which the producers thereon had on hand, is marketed, or the end of the marketing year, whichever is earlier, the sum of the entries in columns 16 through 26 for each producer shall be entered in column 27 and the sum of the entries in column 27 shall be entered on lines 4(a) and 4(b) of column 27.

11. If the amounts in column 27 are correct, as verified by the farm operator's report on Form 417, the amounts shown in column 27 shall be transferred to column 28. If any of the entries for any of the producers is not correct, the records of the farm operator and the county committee shall be reconciled and the farm operator and the county committee shall make any corrections necessary and enter the correct amounts in column 28 for each producer and for the farm. If a buyer or transferee has failed to submit a certificate or has failed to remit the amount of any penalty which was or should have been collected by him, the buyer or transferee, as the case may be, shall be requested to submit the certificates and penalties which are in default and the correction of Form 450-A in that respect shall be made only after the reports or penalties have been submitted. If the producers on the farm have not marketed all of the cotton on the farm as of March 1 of the marketing year, the record of cotton marketed and penalties paid, as adjusted at that time, shall be made by correcting the entries in columns 16 through 26. Thereafter, the entries in columns 16 through 26 shall be examined and, if necessary, adjusted as indicated above by the farm operator and the county committee on the basis of the farm operator's report on Form 417.

(g) Record of the amount of penalties incurred. In the event of bonds of indemnity or funds to be held in escrow, the amount of the penalties incurred for the farm on the basis of the preliminary farm operator's report shall be computed, as provided in this paragraph, except that the amount computed shall not be entered in column 29 until

the final report is made. After the entries have been made in column 28 of Form 450-A, as outlined in paragraph (f) of this section, the amount of the penalties incurred by each producer shall be determined and entered on Form 450-A as follows:

1. On line (a), column 29, enter the amount, if any, by which the entry on line (a), column 28, exceeds the entry in column 15 for each producer.

2. On line (b), column 29, enter the product obtained by multiplying the entry on line (a) thereof by the rate of penalty applicable to the current crop.

3. The sum of the entries in column 29 shall be entered on line 4 (a) and 4 (b) thereof.

4. Make no entry in columns 30 and 31.

(h) Determination of refunds. A record of the amounts which are to be refunded pursuant to section 704 of the regulations shall be made on Form 450-A as follows:

1. If the entry on line (b), column 29, for any producer is in excess of the entry opposite his name on line (b), column 28, enter on line (b), column 32, the amount by which the entry on line (b), column 29, exceeds the entry on line (b), column 28. The sum of the entries in column 32 shall be entered on line 4 (b) thereof.

2. If the entry on line (b), column 29, for any producer is less than the entry opposite his name on line (b), column 28, enter on line (b), column 33, the amount by which the entry on line (b), column 28, exceeds the entry on line (b), column 29. The sum of the entries in column 33 shall be entered on line 4 (b) thereof.

3. If the entries on line 4 (b) of columns 29 and 32, respectively, are equal to or in excess of the entries on line 4 (b) of columns 28 and 33, no refund in connection with the farm may be authorized to be made to any producer out of the funds held in the special deposit account for the marketing year. In the heading of column 32 enter the amount by which the entry on line 4 (b), column 32, exceeds the amount on line 4 (b), column 33. The amount so entered must be equal to the amount by which the entry on line 4 (b), column 29, exceeds the entry on line 4 (b), column 28. If the entries on line 4 (b) of columns 28 and 33, respectively, are in excess of the entries on line 4 (b) of columns 29 and 32, the amount of the excess to which each producer is entitled as a refund shall be determined as follows:

- a. On line 4 (b), column 34, enter the amount by which the entry on line 4 (b), column 33, exceeds the entry on line 4 (b), column 32.

- b. In the heading of column 34, beneath the word "Refunds", enter the quotient (carried to four decimal places)

obtained by dividing the amount on line 4 (b), column 34, by the amount on line 4 (b), column 33.

c. On line (b), column 34, opposite each producer's name, enter the result obtained by multiplying the amount in column 33 by the factor in the heading of column 34. The sum of the entries so made must equal the amount on line 4 (b), column 34.

d. If no entries appear in column 32, enter on line (b) in column 34 for each producer the amount shown on line (b) in column 33 opposite his name.

e. No refund shall be certified for payment unless and until the auditor has examined the records with respect to the farm and found them to be correct.

4. In the event the total amount of cotton produced on the farm is 1,000 pounds or less, the amount of penalty incurred shall be determined only with respect to the amount of carry-over penalty cotton which is marketed in excess of the farm marketing quota. The only amount of such cotton which may be marketed within the amount of the farm marketing quota is the amount by which the cotton produced on the farm is less than the farm marketing quota.

(i) Determination of the amount of unmarketed cotton. After or at the time the entries are made in column 28 of Form 450-A and prior to the time any refunds for the producers on the farm are approved and certified, the amount of unmarketed cotton on hand shall be determined as provided for in Sec. 403(j) of these instructions and the amounts thereof entered in columns 35 through 40 of Form 450-A in the manner outlined in that section for the execution of columns 29 through 34 of Form 450.

Sec. 405 Reports of cotton marketed. (a) Audit of certificates which accompany red marketing cards. Each certificate received in connection with cotton identified when marketed by a red marketing card shall be audited as follows to determine whether it has been correctly prepared:

1. If the amount of cotton marketed, as shown in item 3 of the first certificate in the book accompanying the red marketing card, is less than the producer or farm marketing quota shown in item 2 thereof, the difference must be correctly entered in item 4. Each subsequently executed certificate in the book must be compared with the preceding certificate to determine whether the entry in item 4 of the preceding certificate has been correctly brought forward to item 2. If the balance of the marketing quota as shown in item 4 has not been correctly brought forward on the succeeding certificate, or if an error has been made in deducting the amount of cotton marketed in a particular transaction from the unused portion of the marketing quota, the producer shall be notified of the error and requested to bring his red marketing card to the county office for correction. The corrected unused portion of the marketing

quota shall then be entered in item 2 of the first unused set of certificates and the entry initialed by a member of the county committee or by its secretary or treasurer. If the error caused the computation in items 5 and 6 of a penalty less than that actually incurred, the error shall be explained to the buyer and the buyer shall be requested to remit the necessary additional amount.

2. If the amount of cotton marketed under the first or any subsequent certificate is greater than the entry in item 2 thereof, the amount of cotton marketed in excess of the marketing quota must be correctly shown in item 5 and the amount of the penalty incurred in respect thereto at the rate applicable for the current year must be correctly shown in item 6. If the penalty actually incurred is greater than the amount in item 6, the buyer and the producer must be notified of the correct amount of the penalty, and if the buyer has not already remitted the correct amount of the penalty he shall be requested to do so.

3. The gin bale numbers or marks or the pounds of seed cotton must be shown in item 7 of the certificate. The buyer and producer shall be notified of the error in the event they are not shown and shall be requested to furnish the gin bale numbers or marks or the pounds of seed cotton. The gin bale numbers or marks may be compared with the gin bale numbers or marks appearing in the heading of columns (e) through (r) of Form 354 or in Form 551. This should be helpful in determining the proper execution of item 9 of the certificate.

4. The date of the transaction should appear in item 8 of each certificate.

5. The name of each producer who has a share in the cotton marketed and the amount of his share therein, expressed in pounds, must appear correctly in item 9 of the certificate or in an attached list. If the name of only the producer to whom the red marketing card was issued appears in item 9, no exception thereto shall be made by the county office if it is indicated that his share of the cotton grown by him is determined prior to the time of marketing and divided so that the share of the landlord or operator, or both, are marketed separately. If not, he shall be requested to furnish the names and shares of the other interested producers. If the amount of cotton covered by the certificate, together with the amounts previously marketed, is in excess of the producer's share in the cotton produced on the farm, as shown by the gin reports, and the producer's name appears in item 9, the producer shall be requested to furnish the name of the producer for whom the cotton was marketed or requested to explain the difference between the ginners' and buyer's reports. If the red marketing card was issued to the operator in trust for all producers and the name of the operator alone appears in item 9, he shall be requested to furnish a satisfactory explanation setting forth the fact that he was the sole person interested in the cotton covered thereby or he must be required to furnish the name of each producer who had a share in the cotton marketed and the amount of each producer's share.

6. Items 10 and 11 of each certificate must be correctly executed by the producer and the buyer or transferee.

7. If a report of seed cotton marketed is received during the month which indicates that cotton was sold in the seed by a producer to whom a red marketing card was issued and the related certificate was not received within 15 days after the date the cotton was marketed, the buyer and producer shall be requested to furnish a correctly executed certificate.

8. If it is indicated from the serial numbers of the certificates received that a certificate which was executed was not submitted to the county office, that is, the serial numbers of the certificates received are not in consecutive order, the producer shall be so notified and requested to furnish the name of the buyer or transferee who executed the missing certificate. The buyer or transferee shall then be requested to submit the certificate executed by him.

(b) Preparation of Form 355. It shall not be necessary to prepare Form 355 where only one producer has an interest in the cotton marketed, nor shall it be necessary to prepare it when more than one producer has an interest in the cotton marketed and all of it is marketed subject to penalty, since the entry to be made on line (b) in the columns headed "Amount" of columns 38 through 56 of Form 450, or columns 16 through 26 of Form 450-A, in the first instance will be the entry in item 6 of the certificate and in the second instance will be the product obtained by multiplying by the current rate of penalty the share of each producer in the cotton marketed, as shown in item 9 (or a continuation thereof on an attached list) of the certificate. If a penalty was incurred with respect to a portion but not all of the cotton covered by a certificate and more than one producer had an interest in the cotton marketed, Form 355 shall be executed as follows:

1. In the space indicated enter the farm serial number. In the space provided after the words "Serial number of form Cotton 313" enter the serial number of the certificate.

2. In column (a) enter the name of each producer who had an interest in the cotton marketed, as shown in item 9 (or a continuation thereof on an attached list) of the certificate.

3. In column (b), opposite the name of each producer, enter his share, expressed in pounds, in the cotton marketed, and, on the total line in column (b), enter the total amount of cotton marketed in the particular transaction.

4. On the total line in column (c) enter the amount of the penalty as shown in item 6 of the certificate.

5. Divide the entry on the total line in column (c) by the entry on the total line in column (b) and enter the quotient (carried to four decimal places) in the space provided in the heading of column (c).

6. Multiply the entry in the heading of column (c) by the entry in column (b) opposite each producer's name and enter the product in column (c). The sum of the entries in column (c) must equal the amount on the total line thereof.

7. Form 355 shall be attached to the certificate to which it relates and the amounts to be recorded on line (b) in the columns headed "Amount" of columns 38 through 56 of Form 450, or columns 16 through 26 of Form 450-A, shall be taken from column (c) of Form 355.

(c) Audit of Forms 530-b. Each Form 530-b received from buyers in connection with unidentified cotton marketed shall be audited as follows to determine whether it has been correctly prepared:

1. The names and addresses of the producers from whom the cotton was purchased should appear in items 1 and 2.

2. The names of the State and county in which the farm on which the cotton was produced is located will appear in item 3 if this information was known by the buyer.

3. The serial number of the farm on which the cotton was produced will appear in item 4 if this information was known by the buyer.

4. The gin bale numbers or marks or the pounds of seed cotton must be shown in item 5 of Form 530-b. The buyer and producer shall be notified of the error in the event they are not shown and shall be requested to furnish the gin bale numbers or marks or the pounds of seed cotton. The gin bale numbers or marks may be compared with the gin bale numbers or marks appearing in the headings of columns (e) through (r) of Form 354 or in Form 551.

5. The net weight of the bales or lots of cotton marketed or the estimated weight of lint in seed cotton must appear in item 6.

6. The amount of penalty must appear in item 7. This entry should be verified by multiplying the amount in item 6 by the rate of penalty applicable to cotton of the current crop.

7. The date on which the cotton was marketed must appear in item 8.

8. The certificate of the buyer in item 9 must be executed.

9. If it is indicated from the serial numbers of Forms 530-b that a Form 530-b has been executed and was not submitted to the county office, that is, the serial numbers of Forms 530-b received are not in consecutive order, the buyer to whom Forms 530 were issued shall be so notified and requested to furnish the missing Form 530-b.

(d) Controversies between producers as to the amount of penalty paid by each producer. The amount of the penalty paid by each producer, determined as indicated in the foregoing paragraphs of this section, shall, if the interest of each producer in the cotton marketed is properly shown in item 9 (or in the continuation thereof on an attached list) of the certificates issued in connection with red marketing cards, be presumed to be correct. This presumption is based upon the fact that, as a general rule, the producers having an interest in the cotton marketed will distribute the net proceeds of the cotton (the market price of the cotton, less the amount of the penalty) among them as they share in the cotton. Where this procedure is followed, each producer bears the burden of the penalty in proportion to his share in the crop as fully as though he paid the penalty from his personal funds. If any producer claims, or it is shown by the farm operator's report on Form 417, that the amount of the penalty actually paid by him with respect to any transaction covered by a certificate is in excess of the amount shown for him on Form 355 or determined by multiplying the entry opposite his name in item 9 of the certificate by the current rate of penalty, it shall be incumbent upon the producer, or the operator, alleging the payment of a different amount to establish all facts in connection therewith and to show that he has not been reimbursed therefor. Before the computation of the penalty paid by a producer, as recorded on Form 450 or 450-A, is changed to show that a producer paid a larger amount of penalty and that another producer has paid a smaller amount of penalty in respect to a transaction, the producer who it is claimed has paid a smaller amount must file a written statement setting forth the amount of the penalty actually paid by him in respect to the transaction. If it is established that the producers shared in the cotton marketed in a manner other than that shown in item 9 of the certificate, the amount of the penalties paid by each producer shall be changed in accordance with the presumption referred to above. The amount of cotton marketed and the penalties paid by each producer must be correctly entered in column 58 of Form 450 or column 28 of Form 450-A and the amounts thereof must agree with the farm operator's report before any refund is made.

(e) Form 411-A. When Form 411-A-b is received in the county office, the county office shall examine the information appearing thereon to determine whether it has been properly executed by the producer to whom issued and by the buyer or transferee. If Form 411-A-b has been properly executed, it shall be filed in the folder for the farm. If it has been improperly executed, the buyer and the producer shall be required to properly execute Form 411-A.

(f) Postage in connection with all certificates printed on business reply cards. The Post Office Department has authorized postmasters to arrange with treasurers of the county committees to collect the postage due on certificates printed on business reply cards in two ways; namely, (1) to collect the postage due on each card or group of cards at the time of delivery to the treasurer of the county committee or (2) to collect once a month the postage due on all cards delivered to the treasurer of the county committee during the month. Regular postage stamps cannot be used in connection with the cards since the Postal Laws and Regulations

require the use of postage-due stamps. Postage-due stamps cannot be purchased in advance and regular postage stamps cannot be exchanged for postage-due stamps. In case cards are delivered, the postage-due stamps will be affixed to Form 3582a, "Postage Due Bill", and, if necessary, Form 3582a-F, "Postage Due Bill Follow Sheet", and delivered with the cards to the treasurer of the county committee upon payment of the postage. The treasurer should request that the stamps be affixed to Form 3582a or Form 3582a-F rather than to the business reply cards. Where the postage is collected at the end of the month, the postmaster will affix postage-due stamps to Forms 3582a and 3582a-F and tender them to the treasurer of the county committee for payment. In either case, the postage due must be paid upon presentation of the postage-due bill and the payment cannot be deferred until the administrative expense voucher covering the item is paid.

(g) Reimbursement for postage expenses incurred in connection with certificates printed on business reply cards. The funds for paying the postage in connection with the postal card certificates under either of the methods outlined in paragraph (f) of this section may be furnished by the treasurer of the county committee out of his personal funds or a claim therefor may be stated in advance for the estimated amount to be incurred against the administrative expense funds approved in the budget of the county committee. In case the postage due on the business reply cards is paid out of personal funds of the treasurer of the county committee, a claim for reimbursement should be made by him on Form ACP-9, Revised, in the regular manner. If the possible number of business reply cards to be received in any month will not be large, this method would appear to be desirable since it conforms to the established procedure for supplying the county committee with postage. If the possible number of cards to be received in any month will be large, a claim for the estimated amount of postage expense to be incurred may be stated in the administrative expense voucher for the preceding month. In stating a claim in advance for this purpose, the item should be listed on Form ACP-9, Revised, as in the case of other miscellaneous items, with the following exceptions:

1. In the column headed "Name of individual or firm", enter the name, title, and address of the postmaster from whom the postage-due stamps will be purchased.
2. In the column headed "Nature of services or kind of material", enter the words "Estimated postage for cotton marketing quota business reply cards".
3. Make no entry in the columns headed "Quantity" and "Price per unit".

When an advance claim is so stated, no receipt or bill will accompany the statement of administrative expenses to substantiate the item. This modification of the procedure is limited to cases of this precise nature and shall not be authorized or used in connection with any other item of administrative expense of the county committee unless specific

authorization for the procedure is given. Where payment for the postage due is paid out of the personal funds of the treasurer of the county committee and he is reimbursed out of the administrative expense funds in accordance with the established procedure, Forms 3582a and 3582a-F to which the canceled postage-due stamps are affixed shall be filed with the county office copy of the Form ACP-11 containing the receipt from the treasurer of the county committee for the funds paid to him under his claim for expenses in connection with the postage. Where a claim in advance is made for the estimated amount of the postage expense to be incurred in this connection, a receipt from the postmaster on Form ACP-11 must be secured. If the actual amount of the postage due on the cards during the month does not agree with the estimate and the amount advanced, Form ACP-11 must be modified so that the receipt to be obtained from the postmaster will be for the amount of the postage expense actually incurred during the month and paid. Form 3582a and 3582a-F must be filed with the county office copy of Form ACP-11 containing the receipt from the postmaster. (In the East Central region, expenses in connection with postage for such forms shall be paid out of the administrative expense funds of the association in accordance with existing procedure as set forth in ECR-ADM-222, issued September 12, 1938.)

Sec. 406 Long staple cotton. (a) Penalties in connection with long staple cotton. The penalty does not apply to cotton marketed in excess of the farm marketing quota if the staple of the cotton is 1-1/2 inches or more in length. The exemption applies to cotton which has that staple length after it is ginned and at the time it is marketed. The other marketing quota provisions likewise do not apply to cotton having that staple length.

(b) Reports of cotton marketed. Any producer to whom a red marketing card or a white marketing card marked "Penalty secured" is issued shall also be issued Form 521 or Form 527 if the report of measurements shows that long staple varieties of cotton are planted on the farm. Form 521 or Form 527 is to be used by the producer instead of the red marketing card or the white marketing card marked "Penalty secured" in marketing cotton the staple of which is 1-1/2 inches or more in length. Each Form 521-b or Form 527-b received by the county office shall be compared with the information shown on the Form 551 established for the farm and marked "Long Staple" to determine that each bale or lot of cotton shown on Form 551 so marked was identified by the certificate on Form 521 or Form 527 when marketed. If any bale or lot of cotton entered on Form 551 so marked was not identified by Form 521 or Form 527 when marketed, it shall be presumed that the staple of the cotton was less than 1-1/2 inches in length and subject to the penalty if marketed in excess of the farm marketing quota, unless the producer presents to the county committee a Form 1 or Form A, issued and executed by the Board of Cotton Examiners, to the effect that the cotton stapled 1-1/2 inches or more in length. In the event Form 1 or Form A is presented to the county office for this purpose; a copy of it shall be made by the county office to be retained in the county office as a record of the basis for exempting the cotton from the marketing quota provisions. If a Form 527 is received for any cotton for which a gin report to the effect that the cotton was ginned on a roller gin is not

received, the Form 527 shall be disregarded as the basis for any exemption unless and until a gin report is received which shows that the cotton covered by the Form 527 was ginned by roller gin machinery.

(c) Determination of cotton produced. If the county committee determines that all cotton produced from the acreage planted to Sea Island or American-Egyptian cotton, or other long staple varieties, was ginned by facilities designed specifically for ginning long staple cotton (roller gin) and was so reported by the ginner and recorded on Form 551 marked "Long Staple", the amount of cotton for the farm which is recorded on Form 551 marked "Long Staple" shall not be regarded as cotton produced on the farm and will not be used in computing the actual average yield per acre or the farm marketing quota. If the county committee determines that any part or all of the cotton produced on the acreage shown by the report of measurements to be planted to long staple varieties of cotton was not ginned by the use of facilities designed specifically for ginning long staple cotton (roller gin), the entire production of such acreage shall be regarded as cotton produced on the farm and will be used in computing the actual yield per acre and the farm marketing quota. In that event, the Form 551 for the farm marked "Long Staple" shall be marked "Void" and the cotton shown thereon transferred to the regular Form 551 established for the farm and included in the total amount of cotton on the regular Form 551. A separate posting unit shall be used in making the transfer to regular Forms 551 and the balance sheet therefor.

(d) Determination of the acreage planted to cotton. If Form 551 marked "Long Staple" is not marked "Void", as outlined in paragraph (c) of this section, the acreage shown by the report of measurements as planted to long staple varieties of cotton on the farm shall not be classified as acreage planted to cotton. If the Form 551 marked "Long Staple" is marked "Void", as outlined in paragraph (c) of this section, the acreage shown by the report of measurements as planted to long staple cotton on the farm shall be classified as acreage planted to cotton. Corresponding changes shall be made in column 2 of Form 450 or Form 450-A. Until the determination is made, the acreage shown by the report of measurements as planted to long staple varieties of cotton shall not be classified as planted to cotton except for the purpose of determining the total acreage planted to all varieties of cotton on the farm, as required in connection with issuing marketing cards. If the farm is found to be overplanted after the determination made pursuant to this paragraph, Form 418 shall be revised.

(e) Determination of farm and producer marketing quotas. The farm marketing quota and producer marketing quotas for farms on which the report of measurements shows that long staple varieties of cotton are planted shall be determined as otherwise provided in the regulations and these instructions. In the initial determination of the farm marketing quota and producer marketing quotas the farm acreage allotment and normal yield per acre shall be used. In the final determination of the farm marketing quota, in determining whether the actual production of the farm acreage allotment exceeds the normal production thereof, the production, as determined under paragraph (c) of this section, and the planted acreage,

as determined under paragraph (d) of this section, shall be used. Any cotton marketed in excess of the final quota which does not have a staple length of 1-1/2 inches or more will be subject to the penalty. Comment: If 10 acres of so-called short staple cotton and 5 acres of long staple cotton are planted on a farm for which a 10 acre allotment and a normal yield per acre of 300 pounds were determined, the initial farm marketing quota is 3,000 pounds. If 4,000 pounds are produced from the short staple acreage and 1,500 pounds from the long staple acreage, and the latter is ginned by a roller gin, the final farm marketing quota will be 4,000 pounds; that is, the actual average yield per acre of the acreage planted to cotton times the farm acreage allotment. If the 1,500 pounds of long staple production staples 1-1/2 inches or more in length when marketed, no penalty will be incurred. If 500 pounds of it staples less than 1-1/2 inches when marketed, a penalty will be incurred on the 500 pounds which is less than 1-1/2 inches in staple length. In the same example, if all or a part of the 1,500 pounds produced from the long staple acreage was ginned on other than a roller gin, the farm marketing quota would be 3,666 pounds (5,500 pounds ÷ 15 acres = 366.6 pounds per acre x 10 acre allotment = 3,666 pounds as the farm marketing quota.) A penalty in the last-mentioned case will be incurred on all cotton marketed in excess of the farm marketing quota except that amount which staples 1-1/2 inches or more in length when marketed.

Sec. 407 Reports on Forms 417 and 417-A. (a) Time and manner of filing reports on Forms 417 and 417-A. The reports on Form 417 and on Form 417-A are required to be submitted not later than 15 calendar days after all cotton in connection with the farm is marketed, or not later than March 1 of the marketing year, whichever is the earlier. If all cotton is not marketed on or before March 1, the report made as of that date shall be regarded as a preliminary report and thereafter an additional report must be made within 15 days after all cotton is marketed or not later than August 1, whichever is the earlier. When a report on Form 417 and, if necessary, a Form 417-A is due and has not been filed with the county committee within 15 days thereafter or on March 1, whichever is the earlier, a Form 417, and a Form 417-A if the committee has reason to believe processed cotton was marketed, shall be prepared as outlined in paragraph (g) of Sec. 212 of these instructions and mailed to the operator or producer, as the case may be, with a request that he execute it and return it in person or by mail to the county office, or that he call at the office of the county committee for the purpose of obtaining information concerning its execution. A copy of the letter accompanying the additional Form 417 and 417-A shall be filed in the county office.

(b) Comparing Forms 417 with Forms 450 and 450-A. The information shown on each report on Form 417 shall be compared with the related information on Form 450 or 450-A to determine whether the records of the farm operator or producer and the county office are in agreement as follows:

1. The comparison for Part I of Form 417 shall be made as follows: The information shown in columns A, B, and C with respect to carry-over

cotton on hand at the beginning of the marketing year should agree with the amounts appearing in columns 4, 6, 7, and 9 of Form 450 or 450-A for the farm. The entries in column C for cotton not pledged to the Commodity Credit Corporation should agree with the entries made in columns 4 and 6 of Form 450 or 450-A, prepared for the current marketing year, exclusive of any withdrawn from the loan after the account was first prepared. The entries in column C for cotton pledged to the Commodity Credit Corporation should agree with the entries made in columns 7 and 9 of the Form 450 or 450-A prepared for the marketing year, including any withdrawn from the loan after the account was first prepared. If any or all of the cotton shown in column C was marketed during the marketing year, the entries in column D for the marketing of such cotton should be examined to determine whether the amounts, if any, withdrawn from the Commodity Credit Corporation loan were properly recorded in columns 4, 6, 7, and 9 of the Form 450 or 450-A prepared for the marketing year. The amount of penalties paid with respect to the marketing of carry-over cotton and reported in column E should be verified with the amounts posted in columns 37 through 57 of the Form 450 or columns 16 through 27 of the Form 450-A prepared for the marketing year.

2. The comparison for Part II of Form 417 shall be made as follows: The information shown in column D for cotton marketed and in column E for the amount of penalty paid should be compared with the information shown on the red marketing card certificates or Forms 530-b received from buyers or transferees and posted to columns 37 through 57 of the Form 450 or columns 16 through 27 of the Form 450-A prepared for the current marketing year.

3. The comparison for Part III of Form 417 shall be made as follows: If red marketing cards were issued for the farm, the entries in columns A, B, C, and D should be verified with the red marketing card certificates or Forms 530-b received from buyers or transferees and compared with the information shown in columns 37 through 57 of the Form 450 or columns 16 through 27 of the Form 450-A prepared for the marketing year. If a white marketing card marked "Penalty secured" was issued for the farm, the entries in columns A, B, and C should be compared with the records for the farm on Forms 551 and, if necessary, the Forms 526 or gin bale receipts or tickets on which the marketing of seed cotton was reported.

4. The comparison for Part IV of Form 417 shall be made as follows: The information shown in columns A, B, and C for unmarketed cotton on hand should be verified by actual inspection of the cotton or by examination of warehouse receipts or loan agreements covering it. Such inspection or examination shall be made only in connection with a final farm operator's report and not in connection with a preliminary report unless considered necessary by the county committee. The inspection shall be made by a representative of the county office, and, if the description in Part IV is correct or made correct, he shall execute the certificate provided in Part VII of Form 417.

5. The comparison for Part V of Form 417 shall be made as follows:

a. The names of the producers in column A must agree with those shown in column 1 of Form 450 or 450-A.

b. The entries in column B should agree with those for the producers in columns 4 through 9 of Form 450 or 450-A.

c. The entries in column C should agree with those in column 17 of Form 450 or column 12 of Form 450-A.

d. The entries in columns E and F should agree with the entries for the producers in column 57 of Form 450 or column 27 of Form 450-A.

e. The entries in column G should agree with the entries for the producers in columns 29 through 34 of Form 450 or columns 36 through 40 of Form 450-A.

(c) Reconciliation of discrepancies in Forms 417. The reconciliation of discrepancies in the information shown on Form 417 and Form 450 or 450-A shall be made as follows:

1. If the county office records of cotton marketed and penalties paid are not in agreement with the report on Form 417, the operator shall be required to reconcile the differences, and the corrected information shall, as provided in Secs. 403(g) and 404(f) of these instructions, be entered in column 58 of Form 450 or column 28 of Form 450-A.

2. If the entries in Form 450 or 450-A are correct and Form 417 is in error, the operator shall be requested to make a correct report on Form 417 by correcting the information in the report previously filed or by making a new report.

(d) Approval of farm operator's report on Form 417. After the county office records and the farm operator's report are reconciled and found acceptable in all respects, the report shall be approved by the treasurer of the county committee and filed in the county office.

